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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/08/09

INDEX:

(1) Obama administration plans to name Joseph Nye new ambassador to Japan, giving importance to relations with Japan (Asahi)

(2) Government to ban retired senior bureaucrats from watari or switching from one organization to another, Prime Minister Aso to announce as early as today (Tokyo Shimbun)

(3) Bid-rigging, cartels: FTC to resubmit amendment to Anti-Monopoly Law featuring proposal for court trial for companies complaining about administrative penalties; Advance judgment system for dumping (Nikkei)

(4) Government starts drafting bill for MSDF support of anti-piracy efforts off Somalia, but New Komeito remains cautious, DPJ opposed (Asahi)

(5) Relations between Japan, U.S., China changing (Yomiuri)

(6) ODA - Japan's option: Revival of "profitable assistance"? (Tokyo Shimbun)

(7) TOP HEADLINES

(8) EDITORIALS

(9) Prime Minister's schedule, January 7 (Nikkei)

ARTICLES:

(1) Obama administration plans to name Joseph Nye new ambassador to Japan, giving importance to relations with Japan

ASAHI (Top play) (Excerpts)
Evening, January 8, 2009

Yoichi Kato, Washington

The incoming Barack Obama administration has decided to appoint former Assistant Secretary of Defense and Harvard University Prof. Joseph Nye as the new ambassador to Japan. This was revealed on Jan. 7. With the selection of high-ranking officers responsible for East Asian affairs at the White House, State Department, Defense Department now over, the administration's lineup of major players on its Asia policy team is complete.

It is unprecedented for the incoming ambassador to Japan to be determined before the establishment of the new administration. The step is seen as reflecting the Obama administration's attachment of importance to relations with Japan. According to a relevant source, Nye has been informed of the administration's decision and he is expected to accept the offer.

He will be formally named ambassador to Japan following the President's nomination and the Senate's approval. Incumbent Ambassador Schieffer is scheduled to leave Japan ahead of the presidential inauguration on Jan. 20.

Nye, who served as assistant secretary of defense in the Clinton administration, was responsible for the so-called 1996 redefinition

TOKYO 00000048 002 OF 009

of the Japan-U.S. security system. He has been involved deeply in Japan-U.S. relations, as seen in the fact that he formulated the Armitage-Nye Report twice jointly with former Deputy Secretary of State Richard Armitage: in 2000 shortly before the establishment of the Bush administration and in 2007 ahead of the last Presidential election. The Report is a comprehensive strategic text on U.S. policy toward Japan as its ally.

He is also known as an advocate of "smart power" that calls for the use of soft power, such as values and cultures, as a diplomatic means, without placing a disproportionate emphasis on hard power, such as military might.

In June 2008, amidst the presidential race, Nye, along with former Secretary of Navy Danzig, contributed to the Asahi Shimbun an Obama camp Japan policy essay, reading: "The U.S.-Japan alliance remains the cornerstone of American policy in the Asia-Pacific region." He has been playing a pivotal role in policy. His appointment as ambassador to Japan seems to be based on the positive assessment of such achievements.

(2) Government to ban retired senior bureaucrats from watari or switching from one organization to another, Prime Minister Aso to announce as early as today

TOKYO SHIMBUN (Top play) (Full)
January 8, 2009

The government decided yesterday to immediately prohibit the practice of ministries or agencies arranging watari for retired bureaucrats or the practice of switching from one cushy job to another at government-affiliated organizations and private-sector companies over which the former officials had had oversight responsibilities. Prime Minister Taro Aso is expected to announce this policy change as early as today at a House of Representatives Budget Committee session.

The Reemployment Oversight Committee approves the practice of amakudari or placing retiring senior bureaucrats into government-affiliated organizations and high-paying posts at private firms in the industries they had overseen. However, the committee members have not been chosen due to objections from the opposition parties. The government decided as a result to give approval using the authority of the prime minister, but it has judged that the

prime minister would come under public criticism if he directly approved the practice of watari, through which retired bureaucrats repeatedly receive lucrative retirement benefits.

A high government official last night said: "The practice of watari should be immediately stopped. The prime minister will make a final decision on the matter."

The placement of retired bureaucrats in outside positions was unified under the government-private sector personnel exchange center that was established last Dec. 31. The center does not provide its good services, however, for watari or shifts from one position to another. However, it has been decided that during a three-year transition period, the center will be able to arrange positions for retired bureaucrats more than once, as long as the special committee approves.

However, it does not appear likely that Diet approval of the

TOKYO 00000048 003 OF 009

committee members will be obtained because of opposition camp's blockage. The cabinet adopted late last year an ordinance that the prime minister can exercise his authority if the posts of committee members are vacant. If the prime minister does not approve, the ministries and agencies will be no longer be able to give watari positions to retiring bureaucrats.

(3) Bid-rigging, cartels: FTC to resubmit amendment to Anti-Monopoly Law featuring proposal for court trial for companies complaining about administrative penalties; Advance judgment system for dumping

NIKKEI (Page 1) (Full)
January 6, 2009

The Fair Trade Commission (FTC) has decided to take a second look at its judgment system, under which it decides the propriety of administrative penalties it has issued in cases violating the Anti-Monopoly Law (AML). Many are skeptical about the impartiality of the system with one saying that it is like a public prosecutor doubling as a judge. The FTC has looked into a system that allows cases involving bid-rigging and cartel practices to be directly brought to the law courts. Regarding dumping, it intends to introduce an advance judgment system, under which penalties are handed down, based on allegations given by the corporate side.

Under the present system, a company challenging the administrative penalties issued by the FTC applies for a judgment, which is equivalent to the first instance in trials. In response to the application filed by the company, the FTC decides the propriety of the penalties it had earlier issued. If the company still complains about the FTC's decision, it can apply to a high court for a trial. However, the penalties issued by the FTC were revised just once under the judgment system over the past decade. Business circles have been critical of the judgment system, as a result.

According to the draft review proposals, the ex-post facto judgment system will be scrapped. Instead, in cases involving bid-rigging and cartels among cases of violation of the AML, companies will become able to directly appeal to a court of law on unacceptable penalties. The judgment is that such cases are suitable for court trials because irregularities are clear. In the meantime, an advance judgment system, under which the FTC decides the details of penalties it issues, based on its investigation into companies' allegations and evidence, will be adopted.

The FTC submitted to the regular Diet session last year a bill amending the AML attached with an additional clause that consideration should be given to revision of the system. The bill, however, was killed, with talks between the ruling and opposition parties encountering complications due to strong calls for the total scrapping of the bill. This time, the FTC will resubmit the bill incorporating concrete revisions with the aim of having it enacted before the end of 2010. However, since business circles and the Democratic Party of Japan are seeking the bill be scrapped, the FTC could be pressed to make even more revisions to it.

(4) Government starts drafting bill for MSDF support of anti-piracy efforts off Somalia, but New Komeito remains cautious, DPJ opposed

ASAHI (Page 2) (Full)
January 8, 2009

TOKYO 00000048 004 OF 009

The government and the ruling parties have started work on preparing a new law to enable Maritime Self-Defense Force vessels to be deployed to waters off Somalia in support of international anti-piracy efforts. They will also study a two-stage formula under which the government would temporarily resort to a provision in the Self-Defense Forces Law to order a maritime police action by the MSDF until the law comes into effect. Debate on this issue is likely to heat up over rules on the use of weapons against pirates.

Prime Minister Aso told reporters yesterday: "Many countries have dispatched naval ships, and China has also decided to dispatch warships to the area. Under this situation, it is very important, in view of protecting the property of the people, for Japan to consider what actions it can take in the area,." Aso thus expressed his eagerness about Japan's participation in countering piracy off Somalia.

The prime minister, who used to be a company president, is interested in pragmatism in foreign policy. Given this, he is eager to ensure the safety of sea lanes by taking anti-piracy measures. In Diet deliberations on a bill amending the refueling-assistance special measures law last October, Akihisa Nagashima of the Democratic Party of Japan urged the government to dispatch MSDF warships to battle Somalia pirates. Aso promptly replied: "We would like to consider this idea." Just after China announced in December a plan to deploy warships, Aso instructed Defense Minister Hamada to work out specific measures.

In response to Aso's eagerness, the Liberal Democratic Party and the New Komeito decided yesterday to set up a project team tasked with drawing up anti-piracy measures. The panel will look into the two options of ordering a maritime policing action by the MSDF and of enacting a new law. The panel envisions dispatching not Japan Coast Guard (JCG) members but MSDF troops.

Under new legislation, troops would be allowed to take action to protect foreign vessels, but a senior government official commented: "Whether a new law is enacted hinges on a decision by the New Komeito." A senior New Komeito member recognized the need for new legislation but also insisted that strict rules were necessary, saying: "There are constitutional restrictions, so in dispatching troops overseas, restrictions must be imposed by legislation."

Debate is expected to heat up particularly on standards for troops to be allowed to use weapons in cracking down on pirates. In the government's document presented to the ruling side, "matters related to authority over the use of weapons necessary in performing the mission" were specified as those up for consideration. The issue of weapon-use standards was not taken in discussing the anti-terrorism special measures law or the Iraq special measures law.

Even if agreement is reached in the government and the ruling camp, the DPJ is unlikely to easily approve the plan. President Ozawa has insisted on the need for a basic law on SDF overseas missions and has been negative about introducing a special measures law, remarking: "(Dealing with the issue with special legislation) is undesirable, because it could leave the issue of interpretation of the Constitution ambiguous." DPJ Policy Research Committee Chairman Masayuki Naoshima, while acknowledging the need for Japan's cooperation in combating pirates, said in a press conference yesterday: "I cannot say whether the party will support new legislation before the government reveals its specific contents."

TOKYO 00000048 005 OF 009

Even if the government submits a new law, deliberations will

unlikely not start before the fiscal 2009 budget bill and related bills are enacted into law. If the opposition camp, which has now control of the House of Councillors, puts up all-out resistance, the ruling camp will have the option of resorting to the override vote tactic in the House of Representatives. In this case, too, the battle in the Diet will inevitably be prolonged. Since a Tokyo Metropolitan Assembly election, on which the New Komeito has placed great importance, will take place this summer, it is still unpredictable whether the new legislation can clear the Diet.

Some government officials have put forth the idea of ordering a maritime policing action as a stopgap measure, but the Defense Ministry remains cautious about the plan, citing such reasons as unclear weapon-use standards. The New Komeito's assertion is that the Japan Coast Guard primarily should be responsible for the anti-piracy mission. Defense Minister Hamada reportedly told a senior New Komeito member when they met last evening: "It is not true to think that troops are allowed to take any actions under the provision pertaining to an order for maritime patrol action. I take a view that is similar to the New Komeito's."

(5) Relations between Japan, U.S., China changing

YOMIURI (Page 4) (Excerpts)
January 7, 2009

How will relations between Japan, the United States and China shift this year, which falls between the 30th anniversary of the conclusion of the Japan-China Peace and Amity Treaty and the 50th anniversary of the conclusion of the U.S.-Japan Security Treaty?

In a lecture in January 2008, James Steinberg, who has been named President-elect Obama's deputy secretary of state nominee, made this statement:

"It is best for strong U.S.-China relations to complement strong U.S.-Japan relations. Japan will be able to build good relations with China without concern about possible conflict with the United States or being overwhelmed by China's momentum."

Among the sets of relations -- Japan and the U.S., the U.S. and China, and Japan and China -- Japan-U.S. relations stand out as having the most pressing destabilizing factors.

For instance, U.S. Marines are scheduled to be relocated from Okinawa to Guam and Futenma Air Station is to be moved from Ginowan by 2014 as part of the realignment of U.S. forces in Japan. The United States is becoming increasingly frustrated with the Futenma relocation plan being sidetracked by local objections.

Although the Aso cabinet is said to lack a "control tower," Prime Minister Taro Aso has been involved in (the Guam relocation plan). The U.S. Department of Defense (DOD), which was hard-lined at the time, initially requested that Japan bear 75 PERCENT of the Guam relocation cost. But it was Aso who presented a plan that persuaded the DOD to change its mind at an early stage in the process and lower Japan's share to 59 PERCENT , including loans. Aso was serving as foreign minister at the time.

Aso played golf in Tokyo with U.S. Ambassador to Japan J. Thomas

TOKYO 00000048 006 OF 009

Schieffer in the spring of 2006. While on the green, Aso wrote "1/3" on the sand bunker with his club. The ambassador then asked, "The United States and Japan would bear one-third each. What about the rest?" Aso replied: "Loans. Interest rates in Japan are now low. If you present the difference in interest rates between Japan and the United States, the Congress would accept it." The ambassador reportedly nodded, saying, "I get the picture." It is well known that the ambassador subsequently did the spadework on the U.S. side.

With such an experience, the prime minister must have a strong desire to break the deadlock in the current situation. But with many government and ruling party members turning their backs on Aso, it is not easy for him to demonstrate strong leadership at the moment.

In addition, there are many outstanding issues that are vital from a viewpoint of the Japan-U.S. alliance, such as measures against piracy in waters off Somalia, Africa, and expanded reconstruction assistance to Afghanistan. Even if the Democratic Party of Japan (DPJ) is in charge of the government, these issues will not go away. If they are postponed, they would become more difficult to handle. Even so, there is no momentum for talks. There is a sense of alarm in the United States toward the DPJ, with some taking the party's call for Japan-U.S. relations to be placed on equal footing and for moving Futenma Air Station out of Okinawa, as is specified in its Okinawa Vision, as an indication of the party's turning away from the United States.

Many observers think that compared to Japan and the United States, the U.S. and China will move closer to each other. Not only in trade and the economy but also in the war on terror, there are strong calls in the United States for attaching more importance to China, a nuclear power that has its own trouble with Muslim extremists. The United States has also high regards for China as the chair of the six-party talks on North Korea.

There have been new developments in relations between Japan and China, as seen in the first independent Japan-China-South Korea summit in December 2008. Although there is no lack of seeds of discord, such as the undeveloped gas fields in the East China Sea and intrusions into Japanese waters near the Senkaku Islands, China no longer reacts fiercely to Japan, as it did during the Koizumi administration. Some observers think that in view of China's hospitality toward DPJ President Ichiro Ozawa in the past, Japan and China will develop closer relations under a DPJ administration.

(6) ODA - Japan's option: Revival of "profitable assistance"?

TOKYO SHIMBUN (Page 1) (Full)
January 8, 2009

The Japanese government plans to extend yen loans worth 25 billion yen as official development assistance (ODA) to expand facilities at Port Toamasina, Madagascar, with the intention to use them jointly with that country. Sumitomo Corporation is now engaged in exploring for rare metals, such as nickel, in Madagascar. It will ship those metals from that port. It will be a massive project that will cost about 10 PERCENT of that country's tax revenues, once completed. Research and preparations are under way at a very fast speed. Transport Minister Botozaza wants the project to be completed by fiscal 2012.

TOKYO 00000048 007 OF 009

In the 1960s and the 1970s, Japan extended ODA as a joint effort of government and private sector or in the form of tied aid in order for Japanese companies to receive project contracts. The international community criticized Japan as carrying out "commercial ODA."

Since then, Japan's ODA has changed. It has been giving more consideration to criticism both from home and abroad. It has set stricter environment standards. It has also constrained the total value of ODA. Japan's ODA, which has become "too polite," as one development consultant put it, has lost attractiveness to companies.

As a result, Japan's ODA has been pushed into the background. China, instead, has begun to carry out ODA as a joint government-private sector effort, which once was Japan's monopoly. In Madagascar, you see billboards in Chinese on both sides of the highway between the airport and the capital.

This sense of alarm has brought about a move in Japan to take a second look at the ODA program. The Government-Private Sector Partnership, compiled last April at the initiative of the Foreign Minister, reflects the government's desire to revive Japan as an ODA power by rebuilding the cooperative relationship between the government and the private sector. The project now being carried out in Madagascar is a concrete example of such a desire. The Finance

Ministry expects a kill-three-birds-with-one-stone effect from the project in Madagascar with one official noting, "This project will be beneficial for Japan, companies, and Madagascar."

Nickel mines and access roads to them will certainly bring about benefits to Africa. However, a question remains whether this is the most needed assistance to the people of Africa, who are suffering from poverty and famine. Minoru Omura, chief of the Citizens' Society Forum of the Tokyo International Conference on African Development, suggested that Japan should set up an assistance agency so that it can extend assistance with focus on poverty and humanitarian assistance. This is close to Japan International Cooperation Agency (JICA) President Sadako Ogata's stance on human security.

Should Japan follow the path toward "profitable ODA," now that it is suffering from an economic recession? Should ODA be limited to humanitarian areas? The issue extends beyond diplomacy; it is a choice involving domestic affairs.

(7) TOP HEADLINES

Asahi:

Internal Affairs and Communications Ministry likely to lower cell phone fees

Mainichi:

Russian gas supply to Europe via Ukraine stops completely

Yomiuri:

Japanese group suspected of helping to find accommodations for illegal-stay foreigners

Nikkei:

Mitsubishi Motors to produce electric cars for Peugeot

TOKYO 00000048 008 OF 009

Sankei:

Japan Post's decision to hand over 70 facilities to ORIX a new source of trouble

Tokyo Shimbun:

Government to ban retired senior bureaucrats from getting high-paying posts at private sector; Prime Minister Aso to announce today

Akahata:

Need for international pressure on Israel to bring about immediate ceasefire

(8) EDITORIALS

Asahi:

- (1) Don't leave tragedy of Gaza as is
- (2) Depict future of sports with cooperation between regional communities and corporations

Mainichi:

- (1) Extension of efforts to achieve fiscal soundness: Government should show new goal to put the public at ease
- (2) Review of Public Office Election Law: Hurry to lift ban on Internet election

Yomiuri:

- (1) To secure IT systems, prepare for accidents
- (2) Taxi drivers must act in self-defense

Nikkei:

- (1) Government must come up with short- and medium-term measures to protect workers

Sankei:

- (1) Green New Deal: Bring together wisdom of Japan
- (2) Dispatch of workers to manufacturers: Cautious argument on tightening of regulations

Tokyo Shimbun:

- (1) Fiscal reconstruction: Discipline on expenditures indispensable
- (2) Review of reduced-rice-acreage policy: Don't end in mere talk

Akahata:

- (1) Companies must not fire workers unscrupulously

(9) Prime Minister's schedule, January 7

NIKKEI (Page 2) (Full)

January 8, 2009

09:50

Shikinensai Imperial memorial ceremony marking the 20th anniversary
of Emperor Showa's death held in Hachioji City.

13:14

Deputy Chief Cabinet Secretary Konoike at the Kantei.

14:01

Upper House plenary session.

16:00

TOKYO 00000048 009 OF 009

Lower House Budget Committee meeting.

17:27

New Year's party hosted by Jiji Press, etc., at Imperial Hotel.

17:49

Acting Policy Research Council Chairman Sonoda at Bar Golden Lion in
the same hotel.

19:25

Met with Deputy Chief Cabinet Secretary Matsumoto.

20:44

Arrived at the private residence in Kamiyama-cho.

SCHIEFFER